

## Message Text

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ACTION ARA-06

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P 071613Z JAN 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 8271

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LIMDIS

FOR: ARA - DR. FISHLOW, S/P - MR EINAUDI, EB - MR. RICHARD  
SMITH, TREASURY - MR. MARESCA, I/ARA - MR. GANTZ

EO 11652: N/A

TAGS: EINV, EMIN, PE

SUBJECT: MARCONA - TIMING OF DISCUSSIONS

REFS: 75 LIMA 10718, 75 AND 75 LIMA 10388

1. SUMMARY: DE LA PUENTE SUGGESTS NEGOTIATIONS BEGIN ON MONDAY, JAN 19. IF U.S. DESIRES, FIRST DAY COULD BE AT TECHNICAL LEVEL WITH FISHLOW TEAM OPENING FORMAL TALKS WITH GOP ON JAN 20; ALTERNATIVELY TALKS COULD BEGIN AT BOTH LEVELS ON JAN 19. GOP OFFICIALS OUTLINED SCHEDULE PERUVIAN TECHNICAL COMMISSION STUDIES, STRESSED FLEXIBILITY AND REASONABLE SPIRIT, AND EXPRESSED APPRECIATION FOR FISHLOW'S LETTER ON MARCONA DEBTS. END SUMMARY.

2. AMBASSADOR AND ECON COUN MET WITH DE LA PUENTE AND BROUSSET ON JAN 6 TO DISCUSS TIMING OF MARCONA NEGOTIATIONS. GOP OFFICIALS STATED THAT GOVERNMENT COMMISSIONS WOULD NOT COMPLETE WORK BEFORE JAN 16 AND SUGGESTED THAT NEGOTIATING SESSIONS BEGIN JAN. 19 (AMB. DE LA PUENTE CHANGED PLANS FOR JAN. 15 DEPARTURE FOR PARIS TO JAN. 22 FLIGHT IN ORDER TO BE PRESENT FOR  
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NEGOTIATIONS.)

3. WHEN AMBASSADOR RAISED QUESTION OF PRIOR DISCUSSIONS AT TECHNICIAN LEVEL, DE LA PUENTE AGREED THAT TECHNICIANS COULD MEET ON JAN. 19 IN ORDER THAT U.S. REPS COULD QUESTION TECHNICAL MCOMMISSION MEMBERS WORKING ON DEBTS AND COMPANY ASSETS, WITH NEGOTIATING SESSIONS BEGINNING JAN. 20 IF WE SO DESIRED, BUT EXPRESSED PREFERENCE FOR FISHLOW TEAM TO BE PRESENT ON JAN. 19 TO INITIATE DISCUSSIONS AT NEGOTIATION COMMISSION LEVEL WHILE TECHNICIANS WERE MAKING THEIR REVIEW. DE LA PUENTE EXPRESSED STRONG DESIRE TO BE PRESENT FOR NEGOTIATIONS, BUT SAID IF THAT PROVED IMPOSSIBLE, BROUSSET WOULD CHAIR MEETINGS IN HIS ABSENCE. AMBASSADOR REITERATED OUR DESIRE THAT WE NOT BE PRESENTED WITH FIRM PROPOSAL WHICH WOULD PREEMPT OR UNDULY LIMIT NEGOTIATIONS. IN RESPONSE BOTH DE LA PUENTE AND BROUSSET ASSURED US THAT PERUVIAN TECHNICAL COMMISSION STUDIES WOULD ONLY PROVIDE BASIS FOR NEGOTIATIONS. FLEXIBILITY FOR NEGOTIATIONS RESTED WITH CHIEF NEGOTIATORS (DE LA PUENTE, BROUSSET, FISHLOW, ETC.) AND NOT WITH TECHNICIANS, DE LA PUENTE STRESSED, ADDING THAT NEGOTIATIONS WOULD BE CONDUCTED IN SAME COOPERATIVE SPIRIT AS THOSE LEADING TO PRELIMINARY AGREEMENT.

4. DE LA PUENTE ADDED THAT HE APPRECIATED THE FISHLOW LETTER EXPRESSING OUR THOUGHTS ON THE DEBT PICTURE, WHICH PROMISES TO BE OUR MOST DIFFICULT NEGOTIATING AREA. BROUSSET HAD ALSO FOUND THE LETTER USEFUL AND HAD DISTRIBUTED COPIES INTER ALIA TO MINES AND ENERGY MINISTER LA VERA AND ECONOMICS AND FINANCE MINISTER BARUA. STRESSING PERUVIAN FLEXIBILITY IN NEGOTIATIONS, DE LA PUENTE SAID THAT, AS A "HYPOTHETICAL" EXAMPLE, IF MARCONA'S NON-FIXED ASSETS WERE VALUED AT \$50 MILLION AND THE DEBTS WERE PLACED AT \$20 MILLION, THEN THE \$30 MILLION FIGURE FOR COMPENSATION TO MARCONA WOULD BE NEGOTIABLE AFTER THE U.S. TEAM HAD STUDIED THE METHODOLOGY OF THE PERUVIANS IN ARRIVING AT THAT FIGURE. AMBASSADOR STRESSED NEED FOR SUCH FLEXIBILITY AND WAS REASSURED THAT GOP TEAM WOULD BE FULLY PREPARED TO NEGOTIATE, THOUGH PERUVIANS DO WANT TO HAVE DATA ASSEMBLED, METHODOLOGY ESTABLISHED AND AT LEAST TENTATIVE FIGURE IN MIND BEFORE BEGINNING NEGOTIATIONS.

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5. DURING THE COURSE OF DISCUSSION, THE QUESTION OF ACTUAL ORE SHIPMENTS FROM HIERROPPERU AROSE. BROUSSET EXPRESSED VIEW THAT TO HIS KNOWLEDGE NO HIERROPPERU ORE HAS BEEN SHIPPED UNDER THE INTERIM AGREEMENT, PROBABLY DUE TO LEAD TIME NECESSARY FOR APPROVAL BY JAPANESE PURCHASERS, ARRIVAL OF SHIP IN PERUVIAN PORT, AND LOADING OF ORE. ON RELATED THEME,

THE PRESS ON JAN 6, CARRIED STATEMENT BY MINPECO  
SPOKESMAN TO THE EFFECT THAT GENERAL MANAGER ALBERTO  
RUBINA WILL HEAD MINPECO TEAM WHICH WILL TRAVEL STARTING  
SATURDAY TO THE U.S., SOUTH KOREA, AND JAPAN, AS WELL  
AS POSSIBLY TO WESTERN EUROPE. PURPOSE OF VISIT IS TO  
"NEGOTIATE WITH ORE RECEIVERS CONCERNING SALES OF  
PERUVIAN ORE." (COMMENT: RUBINA'S TRIP MAY BE TO PUT  
FINAL TOUCHES ON ARRANGEMENTS WITH JAPANESE AS WELL AS  
TO SEEK OTHER, NEW RECEIVERS OF PERUVIAN ORE.) MINPECO  
SPOKESMAN ALSO SAID THAT MINPECO HAS NOW SOLD 88,000  
TONS OF SINTER FEED TO YUGOSLAVIA WHICH WILL BE  
SHIPPED SHORTLY ON A VESSEL CHARTERED BY CPV. SALES  
TO YUGOSLAVIA HAD BEEN MENTIONED EARLIER BY MINPECO  
(SEE 75 LIMA 10388). TOTAL SALES TO DATE TO BOTH YUGOSLAVIA AND  
ROMANIA AMOUNT TO 120,000 TONS.  
DEAN

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